

AMENDED IN ASSEMBLY APRIL 5, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1923

Introduced by Assembly Member Wood

February 11, 2016

An act to amend Section 399.20 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL’S DIGEST

AB 1923, as amended, Wood. ~~Renewable~~-*Bioenergy* feed-in tariff.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires every electrical corporation to file with the commission a standard tariff for electricity generated by an electric generation facility, as defined, that qualifies for the tariff, is owned and operated by a retail customer of the electrical corporation, and is located within the service territory of, and developed to sell electricity to, the electrical corporation. The commission refers to this requirement as the renewable feed-in tariff. Existing law requires that, in order to qualify for the tariff, the electric generation facility: (1) have an effective capacity of not more than 3 megawatts, subject to the authority of the commission to reduce this megawatt limitation, (2) be interconnected and operate in parallel with the electric transmission and distribution grid, (3) be strategically located and interconnected to the electrical transmission and distribution system in a manner that optimizes the deliverability of electricity generated at the facility to load centers, and (4) meet the definition of an eligible renewable energy resource under the California Renewables Portfolio Standard Program. *Existing law requires an electrical corporation to make the tariff available to the owner or operator of an*

electric generation facility within the service territory of the electrical corporation, upon request, on a first-come-first-served basis, until the electrical corporation meets its proportionate share of a statewide cap of 750 megawatts cumulative rated generation capacity served under the renewable feed-in tariff and a renewable feed-in tariff that is applicable to a local publicly owned electric utility. In addition to the 750 megawatt limitation, the renewable feed-in tariff requires the commission to direct the electrical corporations to collectively procure at least 250 megawatts of cumulative rated generating capacity from developers of bioenergy projects that commence operation on or after June 1, 2013 (bioenergy feed-in tariff). The commission is required to undertake specific steps to implement the bioenergy feed-in tariff requirement.

~~This bill would modify the first requirement for an electric generation facility to be eligible for the renewable feed-in tariff to provide that a facility with a nameplate generating capacity of up to 5 megawatts is not made ineligible by that requirement, if it runs at a maximum of 3 megawatts.~~

This bill would require the commission to direct the electrical corporations to authorize a bioenergy electric generation facility with a nameplate generating capacity of up to 5 megawatts to participate in the bioenergy feed-in tariff if the facility delivers no more than 3 megawatts to the grid in any hour and complies with specified interconnection and payment requirements.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 399.20 of the Public Utilities Code is
- 2 amended to read:
- 3 399.20. (a) It is the policy of this state and the intent of the
- 4 Legislature to encourage electrical generation from eligible
- 5 renewable energy resources.
- 6 (b) As used in this section, “electric generation facility” means
- 7 an electric generation facility located within the service territory
- 8 of, and developed to sell electricity to, an electrical corporation
- 9 that meets all of the following criteria:
- 10 (1) Has an effective ~~operating~~ capacity of not more than three
- 11 megawatts. ~~An electric generation facility with a nameplate~~

1 ~~generating capacity of up to five megawatts is not made ineligible~~
2 ~~by this requirement, if it runs at a maximum of three megawatts.~~

3 (2) Is interconnected and operates in parallel with the electrical
4 transmission and distribution grid.

5 (3) Is strategically located and interconnected to the electrical
6 transmission and distribution grid in a manner that optimizes the
7 deliverability of electricity generated at the facility to load centers.

8 (4) Is an eligible renewable energy resource.

9 (c) Every electrical corporation shall file with the commission
10 a standard tariff for electricity purchased from an electric
11 generation facility. The commission may modify or adjust the
12 requirements of this section for any electrical corporation with less
13 than 100,000 service connections, as individual circumstances
14 merit.

15 (d) (1) The tariff shall provide for payment for every
16 kilowatthour of electricity purchased from an electric generation
17 facility for a period of 10, 15, or 20 years, as authorized by the
18 commission. The payment shall be the market price determined
19 by the commission pursuant to paragraph (2) and shall include all
20 current and anticipated environmental compliance costs, including,
21 but not limited to, mitigation of emissions of greenhouse gases
22 and air pollution offsets associated with the operation of new
23 generating facilities in the local air pollution control or air quality
24 management district where the electric generation facility is
25 located.

26 (2) The commission shall establish a methodology to determine
27 the market price of electricity for terms corresponding to the length
28 of contracts with an electric generation facility, in consideration
29 of the following:

30 (A) The long-term market price of electricity for fixed price
31 contracts, determined pursuant to an electrical corporation's general
32 procurement activities as authorized by the commission.

33 (B) The long-term ownership, operating, and fixed-price fuel
34 costs associated with fixed-price electricity from new generating
35 facilities.

36 (C) The value of different electricity products including
37 baseload, peaking, and as-available electricity.

38 (3) The commission may adjust the payment rate to reflect the
39 value of every kilowatthour of electricity generated on a
40 time-of-delivery basis.

1 (4) The commission shall ensure, with respect to rates and
2 charges, that ratepayers that do not receive service pursuant to the
3 tariff are indifferent to whether a ratepayer with an electric
4 generation facility receives service pursuant to the tariff.

5 (e) An electrical corporation shall provide expedited
6 interconnection procedures to an electric generation facility located
7 on a distribution circuit that generates electricity at a time and in
8 a manner so as to offset the peak demand on the distribution circuit,
9 if the electrical corporation determines that the electric generation
10 facility will not adversely affect the distribution grid. The
11 commission shall consider and may establish a value for an electric
12 generation facility located on a distribution circuit that generates
13 electricity at a time and in a manner so as to offset the peak demand
14 on the distribution circuit.

15 (f) (1) An electrical corporation shall make the tariff available
16 to the owner or operator of an electric generation facility within
17 the service territory of the electrical corporation, upon request, on
18 a first-come-first-served basis, until the electrical corporation meets
19 its proportionate share of a statewide cap of 750 megawatts
20 cumulative rated generation capacity served under this section and
21 ~~Section 387.6.~~ 399.32. The proportionate share shall be calculated
22 based on the ratio of the electrical corporation's peak demand
23 compared to the total statewide peak demand.

24 (2) By June 1, 2013, the commission shall, in addition to the
25 750 megawatts identified in paragraph (1), direct the electrical
26 corporations to collectively procure at least 250 megawatts of
27 cumulative rated generating capacity from developers of bioenergy
28 projects that commence operation on or after June 1, 2013. The
29 commission shall, for each electrical corporation, allocate shares
30 of the additional 250 megawatts based on the ratio of each electrical
31 corporation's peak demand compared to the total statewide peak
32 demand. In implementing this paragraph, the commission shall do
33 all of the following:

34 (A) Allocate the 250 megawatts identified in this paragraph
35 among the electrical corporations based on the following
36 categories:

37 (i) For biogas from wastewater treatment, municipal organic
38 waste diversion, food processing, and codigestion, 110 megawatts.

39 (ii) For dairy and other agricultural bioenergy, 90 megawatts.

1 (iii) For bioenergy using byproducts of sustainable forest
2 management, 50 megawatts. Allocations under this category shall
3 be determined based on the proportion of bioenergy that sustainable
4 forest management providers derive from sustainable forest
5 management in fire threat treatment areas, as designated by the
6 Department of Forestry and Fire Protection.

7 (B) Direct the electrical corporations to develop standard
8 contract terms and conditions that reflect the operational
9 characteristics of the projects, and to provide a streamlined
10 contracting process.

11 (C) Coordinate, to the maximum extent feasible, any incentive
12 or subsidy programs for bioenergy with the agencies listed in
13 subparagraph (A) of paragraph (3) in order to provide maximum
14 benefits to ratepayers and to ensure that incentives are used to
15 reduce contract prices.

16 (D) The commission shall encourage gas and electrical
17 corporations to develop and offer programs and services to facilitate
18 development of in-state biogas for a broad range of purposes.

19 *(E) Direct the electrical corporations to authorize a bioenergy*
20 *electric generation facility with a nameplate generating capacity*
21 *of up to five megawatts to participate in the tariff made available*
22 *pursuant to this paragraph, if it meets the following conditions:*

23 *(i) It delivers no more than three megawatts to the grid in an*
24 *hour.*

25 *(ii) It complies with the electrical corporation's Electric Rule*
26 *21 tariff or other distribution access tariff.*

27 *(iii) Payment is made pursuant to paragraph (1) of subdivision*
28 *(d) and no payment is made for any generation in excess of three*
29 *megawatts in any hour.*

30 (3) (A) The commission, in consultation with the State Energy
31 Resources Conservation and Development Commission, the State
32 Air Resources Board, the Department of Forestry and Fire
33 Protection, the Department of Food and Agriculture, and the
34 Department of Resources Recycling and Recovery, may review
35 the allocations of the 250 additional megawatts identified in
36 paragraph (2) to determine if those allocations are appropriate.

37 (B) If the commission finds that the allocations of the 250
38 additional megawatts identified in paragraph (2) are not
39 appropriate, the commission may reallocate the 250 megawatts

1 among the categories established in subparagraph (A) of paragraph
2 (2).

3 (4) For the purposes of this subdivision, “bioenergy” means
4 biogas and biomass.

5 (g) The electrical corporation may make the terms of the tariff
6 available to owners and operators of an electric generation facility
7 in the form of a standard contract subject to commission approval.

8 (h) Every kilowatthour of electricity purchased from an electric
9 generation facility shall count toward meeting the electrical
10 corporation’s renewables portfolio standard annual procurement
11 targets for purposes of paragraph (1) of subdivision (b) of Section
12 399.15.

13 (i) The physical generating capacity of an electric generation
14 facility shall count toward the electrical corporation’s resource
15 adequacy requirement for purposes of Section 380.

16 (j) (1) The commission shall establish performance standards
17 for any electric generation facility that has a capacity greater than
18 one megawatt to ensure that those facilities are constructed,
19 operated, and maintained to generate the expected annual net
20 production of electricity and do not impact system reliability.

21 (2) The commission may reduce the three megawatt capacity
22 limitation of paragraph (1) of subdivision (b) if the commission
23 finds that a reduced capacity limitation is necessary to maintain
24 system reliability within that electrical corporation’s service
25 territory.

26 (k) (1) Any owner or operator of an electric generation facility
27 that received ratepayer-funded incentives in accordance with
28 Section 379.6 of this code, or with Section 25782 of the Public
29 Resources Code, and participated in a net metering program
30 pursuant to Sections 2827, 2827.9, and 2827.10 of this code prior
31 to January 1, 2010, shall be eligible for a tariff or standard contract
32 filed by an electrical corporation pursuant to this section.

33 (2) In establishing the tariffs or standard contracts pursuant to
34 this section, the commission shall consider ratepayer-funded
35 incentive payments previously received by the generation facility
36 pursuant to Section 379.6 of this code or Section 25782 of the
37 Public Resources Code. The commission shall require
38 reimbursement of any funds received from these incentive
39 programs to an electric generation facility, in order for that facility
40 to be eligible for a tariff or standard contract filed by an electrical

1 corporation pursuant to this section, unless the commission
2 determines ratepayers have received sufficient value from the
3 incentives provided to the facility based on how long the project
4 has been in operation and the amount of renewable electricity
5 previously generated by the facility.

6 (3) A customer that receives service under a tariff or contract
7 approved by the commission pursuant to this section is not eligible
8 to participate in any net metering program.

9 (l) An owner or operator of an electric generation facility
10 electing to receive service under a tariff or contract approved by
11 the commission shall continue to receive service under the tariff
12 or contract until either of the following occurs:

13 (1) The owner or operator of an electric generation facility no
14 longer meets the eligibility requirements for receiving service
15 pursuant to the tariff or contract.

16 (2) The period of service established by the commission pursuant
17 to subdivision (d) is completed.

18 (m) Within 10 days of receipt of a request for a tariff pursuant
19 to this section from an owner or operator of an electric generation
20 facility, the electrical corporation that receives the request shall
21 post a copy of the request on its Internet Web site. The information
22 posted on the Internet Web site shall include the name of the city
23 in which the facility is located, but information that is proprietary
24 and confidential, including, but not limited to, address information
25 beyond the name of the city in which the facility is located, shall
26 be redacted.

27 (n) An electrical corporation may deny a tariff request pursuant
28 to this section if the electrical corporation makes any of the
29 following findings:

30 (1) The electric generation facility does not meet the
31 requirements of this section.

32 (2) The transmission or distribution grid that would serve as the
33 point of interconnection is inadequate.

34 (3) The electric generation facility does not meet all applicable
35 state and local laws and building standards and utility
36 interconnection requirements.

37 (4) The aggregate of all electric generating facilities on a
38 distribution circuit would adversely impact utility operation and
39 load restoration efforts of the distribution system.

1 (o) Upon receiving a notice of denial from an electrical
2 corporation, the owner or operator of the electric generation facility
3 denied a tariff pursuant to this section shall have the right to appeal
4 that decision to the commission.

5 (p) In order to ensure the safety and reliability of electric
6 generation facilities, the owner of an electric generation facility
7 receiving a tariff pursuant to this section shall provide an inspection
8 and maintenance report to the electrical corporation at least once
9 every other year. The inspection and maintenance report shall be
10 prepared at the owner's or operator's expense by a
11 California-licensed contractor who is not the owner or operator of
12 the electric generation facility. A California-licensed electrician
13 shall perform the inspection of the electrical portion of the
14 generation facility.

15 (q) The contract between the electric generation facility
16 receiving the tariff and the electrical corporation shall contain
17 provisions that ensure that construction of the electric generating
18 facility complies with all applicable state and local laws and
19 building standards, and utility interconnection requirements.

20 (r) (1) All construction and installation of facilities of the
21 electrical corporation, including at the point of the output meter
22 or at the transmission or distribution grid, shall be performed only
23 by that electrical corporation.

24 (2) All interconnection facilities installed on the electrical
25 corporation's side of the transfer point for electricity between the
26 electrical corporation and the electrical conductors of the electric
27 generation facility shall be owned, operated, and maintained only
28 by the electrical corporation. The ownership, installation, operation,
29 reading, and testing of revenue metering equipment for electric
30 generating facilities shall only be performed by the electrical
31 corporation.